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Health insurance is really important, But, many people might not consider buying health insurance because it can be pricey. Especially for those on monthly or fixed incomes, it might be difficult to pay the annual premium in a lump sum. To make health insurance more affordable for Indians, in 2019, the Insurance Regulatory and Development Authority of India (Irdai) told health insurance companies to let people pay their annual premiums in equated monthly instalments (EMIs). This means you can pay a set amount every few months, and half-yearly instalments towards a health insurance policy.

Bhaskar Nerurkar, head-health administration team, Bajaj Allianz General Insurance said, "Health insurance penetration is crucial for both rural and urban areas. One obstacle to its growth is paying the entire premium upfront. However, this is not a barrier anymore. Health insurance policies offer the flexibility of paying premiums in monthly instalments, a practical solution. Irdai introduced this provision to enhance accessibility and affordability. Many individuals, especially in small towns and rural areas, find it challenging to pay the entire premium at once, leading to inadequate coverage. Urban populations also benefit from this option, finding it more manageable than a lump sum payment."

Benefits Of Buying Health Insurance On EMIs

According to experts, this approach benefits both insurers and policyholders. This provision fosters a win-win situation for both insurers and policyholders in the long run. "Insurers gain a broader customer base, while policyholders enjoy coverage security without the financial strain of a one-time payment. Also, the surge in health-related issues, especially lifestyle diseases and critical illnesses, necessitates comprehensive coverage. Paying premiums in instalments ensures coverage for treatments related to such diseases and provides financial security during medical emergencies," Nerurkar added.

EMI options are typically offered on a monthly, quarterly, or half-yearly basis. Additionally, the instalment option is generally available only for policies spanning more than one year or multi-year policies. The ease of instalments enables individuals to afford higher coverage amounts without financial strain, ensuring access to necessary treatments. "This flexibility protects families financially without requiring them to pay the entire premium upfront. It is also beneficial for elderly individuals, often on limited incomes. They can also afford health insurance through the EMI option without feeling financially stretched. Monthly premium payments align with their budgetary constraints while ensuring access to healthcare when needed. In summary, paying health insurance premiums in EMIs is convenient; it's a strategic move towards securing health and financial well-being," Nerurkar added.

Disadvantages

First, often, when people pay their health insurance premiums in monthly instalments, they might have to pay extra charges on premiums. For instance, they could end up paying three to five per cent more than if they had paid it as a lump sum. This is not the case with annual premiums. Also, some health insurance companies only allow paying in instalments if the sum insured is higher than a specific amount, for example, a sum insured of Rs 5 lakh. People who choose lower insured amounts may not be able to avail of this benefit. Policyholders who pay their health insurance premiums in instalments may also miss out on certain discounts offered when the premium amount is paid in a lump sum.

How Should You Choose The Right Policy

First, search for health insurance plans with zero-cost EMI, meaning there are no additional costs when compared to a single annual premium. Second, make sure the policy covers your healthcare needs and the number of people you're covering in your health insurance policy. Third, make sure to read the terms and conditions and check for what is excluded from your health insurance policy. Fourth, Ensure that the insurance company provides cashless hospitalization, and has a reputable customer service record.